HISTORY 30 Years OF DISCOUNTING

Discounting: Chronicles of Its Evolution

The discount department store industry took shape in the years following World War II when Americans went on a buying binge to satisfy pent up demands for consumer goods in short supply during the war years.

But the industry's beginning can be traced back to the turn of the century when "undersellers," the discounters of their day, sold apparel and soft goods at low markups that undercut conventional department store prices.

In 1912, S. Klein started its "underselling" business when it opened a small store in Union Square in downtown New York. The company founded by Samuel Klein was one of four soft goods-oriented undersellers, one hard lines retailer and two grocery/general merchandise merchants that predate the post-war advent of the discount industry.

S. Klein was followed in 1924 by Joe Weinstein's J.W. May, which opened a 360-sq.-ft. store in downtown Brooklyn that grew to 350,000 sq. ft., while George Farkus opened a 1,500-sq.-ft. Alexander's in the Bronx in 1928 that eventually expanded to 190,000 sq. ft. In Providence, R.I., Marty Chase in 1933 opened Chase Clothing as a piperack discount apparel store, beginning a discounting career that 20 years later resulted in the start of Ann & Hope.

On the hard line side, Steve and Phillip Master opened a loft store in 1937 selling radios in mid-town Manhattan. That Masters may have been the first true discount store as other hard lines were added, often after the company fought giant manufacturers over fair trade pricing, while lessees were brought in to run the soft goods side.

Discounters' long involvement with food includes two supermarket retailers that are among the pioneers. Fred Meyer opened a supermarket in 1922 in Portland, Ore. In later years the assortment was expanded as new stores were open so that after World War II Fred Meyer units were combined supermarkets and discount stores—a concept now labeled hypermarket or supercenter.

Hendrik Meijer opened a supermarket in 1934 in Greenville, Mich., starting a business that eventually led to a Meijer Thrifty Acres discount store in Grand Rapids, Mich., in 1962, the forerunner of the Meijer's hypermarket chain.

The fate of these seven retailers—each of which grew into chains—mirrored what happened to most other early discounters. Mainly it's a saga of chain development in the post-war years through the '60s, expansion in the '70s and financial and operational failures in the '80s, with only a handful surviving into the '90s.

In the years immediately following World War II, a number of entrepreneurs launched retailing ventures that tried to satisfy the demand for both basic consumer goods and new products like TVs and phonographs to play 33 r.p.m. records. They started out using a variety of sites: Herb and Sid Hubsman with a diner in Harrison, N.J., in 1947 that sold TVs and led to Two Guys, scatter lofts in New York used by Eugene Ferkauf in 1948 for the origins of what became Korvettes, or abandoned factories or mills, that led to the 'stores' opened by a host of pioneers: Lester Palestine in 1948 in New Bedford, Mass., for Arlans and in 1949, Ollie Cohen and Murray Candid starting King's in Springfield, Mass., while government workers launched Fedco in Los Angeles as a membership discounter.

During the '50s, converting mills in New England into discount stores was the tact of a number of other entrepreneurs who were impressed with the discount concept.

Two factors were behind this trend: The availability of mills that were being closed as manufacturers relocated their business to non-union Southern states, and the close proximity of the 'stores' to operating mills that were able to supply at low cost and quickly replenish apparel and domestics, the basic categories for all the discounters.

The litany of new discount chains in the '50s, often in mills, included the following: Carl Bennett in 1951 with a Caldor in a loft in Port Chester, N.Y.; Chase in 1953 in Cumberland, R.I.; in 1955, Sidney Mittleman in New Bedford for Atlantic, the Feldberg family's free-standing Zayre in Roslindale, Mass., and the Feldman family's J.M. Fields in Salem, Mass. (acquired in 1961 by supermarketer Food Fair); in 1957, Herbert Goldberger with Hills in Youngstown, Ohio, and Herbert Fisher in Pittsfield, Mass., with a Royal Factor Store that led four years later to the initial Jamesway in Jamestown, N.Y.; in 1958, Herbert R. Gibson with a Gibson's in Abilene, Texas, and Theodor Kaufman's Giant Stores in East Boston, and Max Coffman in 1959 with Mammoth Mart in Farmingham, Mass.

Variety stores, specialty retailers, conventional department stores and supermarkets were also probing discounting in the '50s. These efforts included: in 1956 Mangel's Shoppers Fair and Grand Union's Grand Way; in 1957, Lucky Stores launched Gemco, M.H. Fishman opened a Centers as a test and two years later launched Mason's, while Interstate Department Store tested a mini-discounter and in 1959 opened Family Fair and bought White Front; Weisfield Jewelry launched Valu-Mart in 1958, and Gaylord Nation's opened Gaylords in '59.

These chains, along with such other discounters as Bradlees, Jefferson Stores, Globe, Times Square Stores, Great Eastern, Unishops, Nichols, Big K, Parkview-Gem, Cook United, Ayr-Way, Zodys and Big N were in operation by 1962 when four chains debuted: S.S. Kresge with Kmart, Dayton launching Target, F.W. Woolworth starting Woolco and an experienced retailing entrepreneur debuting Wal-Mart.

By that year, the industry's format was set. It called for larger units that contained both hard lines and apparel, with most sections company-run. The key challenges facing the industry were Sunday Blue Laws and Fair Trade Laws. Consumer groups and even government agencies joined discounters in fighting these measures, while a growing number of non-apparel manufacturers began selling these retailers direct.

The future was also evident in the '60s. Master's filed Chapter 11 in 1963, while three years later Spartan and Atlantic merged and then acquired Korvettes. That combination in the late '60s and early '70s was followed by other mergers as most chains sought to expand by acquiring or opening stores as rapidly as possible. But Kmart in the late '60s began running away from the pack, ending the decade with over 300 units, more than double the next largest chain.

Conventional retailers that hadn't entered the discounting fray now did so—Rich's with Richway in 1968, May Department Stores with Venture two years later, Strawbridge & Clothier in 1970 with Clover, and Duckwall the next year with Alco. The attraction for the department stores was the success of Target as an upscale discounter.

The twin recessions in the '70s drove over a dozen discounters into Chapter 11. The toll included Interstate Stores (with Toys "R" Us the surviving company), Arlans, Unishops, Atlantic, Mammoth Mart, Parkview-Gem, Robert Hall Village (started in 1972), J.M. Fields, Mason's and Zodys, which emerged only to again file for bankruptcy and liquidate in the '80s.

The successful chains continued to extend their reach, Kmart and Woolco continuing their national expansion, Wal-Mart into the Southeast and Midwest and Target filled out its Midwest base. These discounters and chains like Bradlees, Two Guys, Zayre and Korvettes recycled the stores closed by the bankrupt chains.

The decade also saw discounters begin using various retail technologies: computers, electronic registers, UPC bar codes, POS scanning and satellite communication systems.

As the '70s ended and the '80s unfolded, acquisitions made news. FedMart took over Two Guys' West Coast operation in 1978, and Ames bought Big N the next year. By 1980, Two Guys was controlled by a New Jersey real estate firm and the chain's days were numbered—Montgomery Ward acquired a dozen units to expand its Jefferson division (bought in 1973)

(Continued on page 104)

30 Years OF DISCOUNTING

Tracing the Evolution of the Discount Industry

(Continued from page 49)
into the Philadelphia market, while Bradlees and Caldor bought units to further their expansion into the Philadelphia and New York areas. Two Guys was phased out by 1982 and the real estate firm, a major owner of Alexander's, did the same to that discounter in 1992.

1982 marked a peak in the demise of discounters. The chains closing included Woolco, FedMart, Memco (Gemco's East Coast arm) and Twin Fair, while J.W. Mays, Zodys, and Kings filed Chapter 11, and closed in subsequent years. During the remaining years, Wards closed Jefferson, while Cook United, Heck's and T.G.& Y. filed Chapter 11, eventually to be shut. This consolidation offered quick expansion to the more successful survivers. Gemco, for example, was phased out, most going to Target, while Ames bought Kings and then Murphy's Mart.

The end of the '80s and the start of the '90s were marked by two diverse trends. The Chapter 11 of such remaining major discounters as Zayre, Ames and Hills, along with the explosive growth of three other chains, Wal-Mart, Kmart and Target. The result was the splintering of the industry into these three chains and clusters of the rest of the companies into another group of regional operators, Jamesway, Caldor and Bradlees in the East, Rose's in the South, Clover in the Philadelphia market, Fred Meyer in the Pacific Northwest, Fedco in southern California, Venture, ShopKo, Fisher's Big Wheel, Meijer's, Value City and Prange Way in the Midwest.

The industry's direction is clear. Consolidation is the natural evolution of business, but the retailing void is being filled by the advent of new types of discounters, membership warehouses and specialty discounters that are maintaining the same tradition of low markup and fast turn in a self-service environment that has always been the industry's hallmark.

Industry Leaders Speak Out on the Long-Term Viability of Discounting

(Continued from page 103)

Steven J. Appel
President and CEO
Value Merchants
Milwaukee, Wis.

"Shaped by years of economic struggle and uncertainty, the shopping paradigm has changed for a large mass of consumers. The consumer now recognizes that quality, value and customer service do not require a high price tag. What is required is a retailer who is driven by customer needs. And, we are not likely to see those needs change dramatically in this decade and perhaps not in the next as well. Discount retailing has the opportunity to remain a dominant retail concept through the 1990s and beyond."

Marcy Syms
President
Syms Corp.
Secaucus, N.J.

"It's the consumer who will answer that question and define the [discount] concept. We've taught the consumer they can find large assortments, brand names and bargain prices in a no-frills setting. They've learned they can trust us and believe us. As long as we don't betray them, why would they shop elsewhere?"

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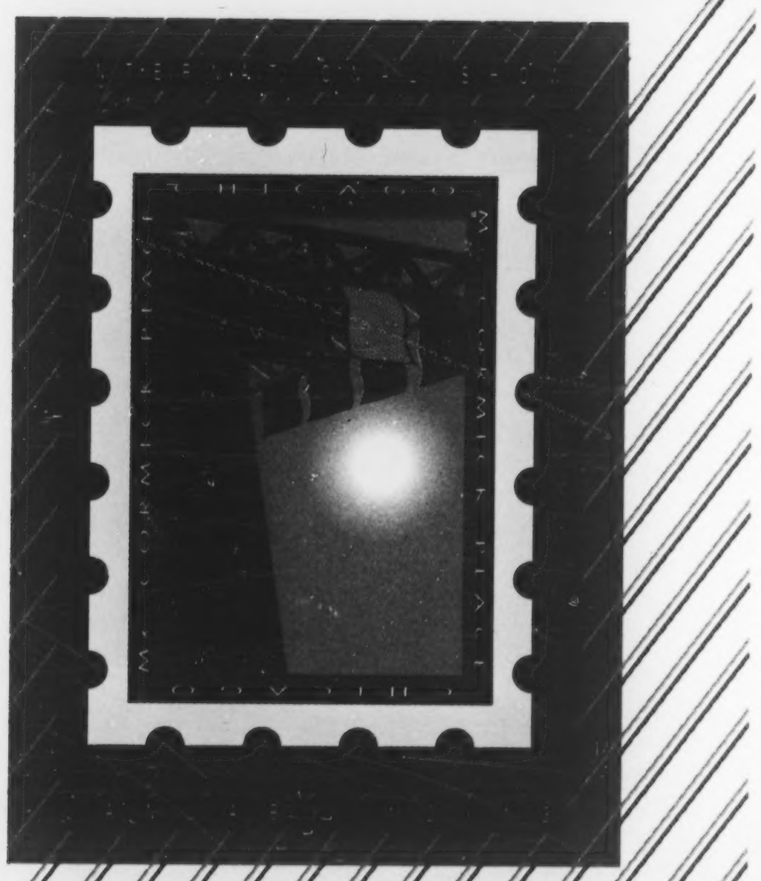

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Oshman's Refines its Superstores

(Continued from page 6)

three entrances from the mall. A racetrack design is used, as it is in the company's other stores, but Anderson pointed out that the merchandise areas are more departmentalized in this unit.

Besides the independent apparel areas, various sections featuring equipment also have clothing displays. For instance, skiing equipment is adjacent to outerwear and ski suits. Tennis shorts and tops are cross-merchandised with rackets.

Skiing is one section that has been expanded to serve the cold Minnesota market. And an area that is used to simulate a soccer field in the summer will have a special silicone floor during the winter where customers can actually try out ice skates. This is the only Oshman's with that feature.

Another bow to the cold weather customer is the selection of skiing equipment and apparel. For the winter, a moving deck that simulates a ski slope will be available. According to Anderson, Oshman's will also offer beginner skiing lessons using this aparatus.

For those who like more pastoral sports, a putting green and video golf course can help perfect a shoppers' swing.

Each demonstration area has attendants that function as floor salespeople. By the time the store opened, more than 20 vendors had been to the Bloomington unit to explain how their products work to store employees.

Oshman's introduced the super size store in its home base, Houston, in 1990.

However, the super store concept has been used in stores as small as 56,000 sq. ft. The smaller store opened in Albuquerque earlier this year.

Oshman's currently has 180 stores in 17 states. In 1991, Oshman's reported annual sales of $297.8 million.

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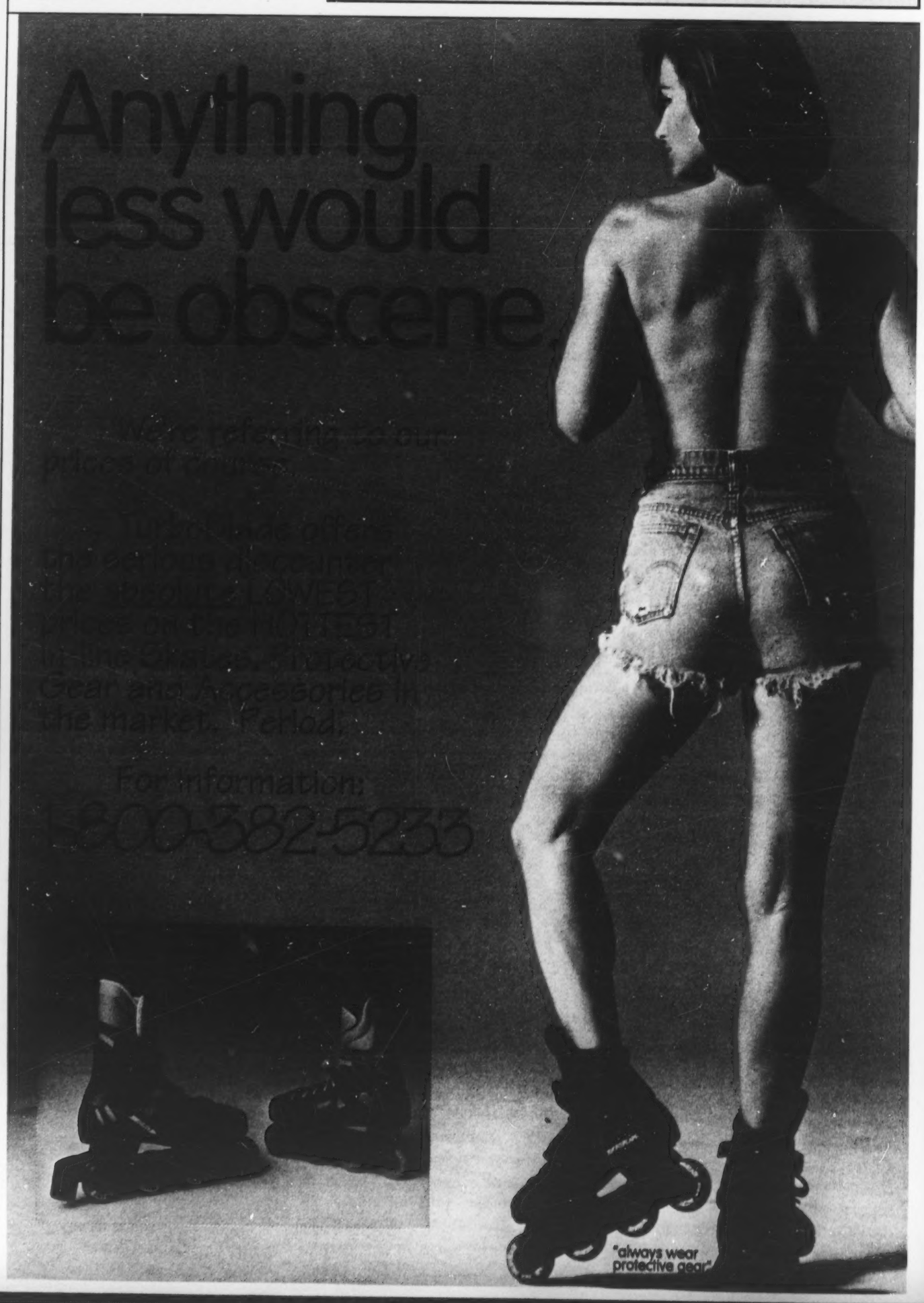

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***An artist's rendering** of Kou's Wholesale Membership Club shows its similarity to American membership warehouses.*

Daiei Opens Kuo's, Japan's 1st Club

By Arthur Markowitz

KOBE, Japan — Daiei, Inc., Japan's largest retailer, opened a Kuo's Wholesale Membership Club here Oct. 1 as the first such full-line store in this country.

The 80,000-sq.-ft. venture is the pilot store for what could become another chain for the parent Daiei Group, whose diversified business (totaling Yen 5.1 trillion or approximately $39.5 billion) already includes over 8,000 conventional department stores, discount stores, supermarkets, convenience stores, specialty retailers and restaurants. Daiei Inc.'s retailing operations amounted to Y2.4 trillion ($18.5 million) in the fiscal year ended Feb. 29, 1992.

INTERNATIONAL RETAILING REPORT

Daiei Group's other holdings include shopping centers, the Orange Membership Card charge card, financial services, consumer services like travel agencies and hotels and even a Japanese professional major league baseball team, the Fukuoka Daiei Hawks. The company is building a $2.2 billion Twin Dome City complex in Fukuoka City that will initially include a domed stadium due to open in 1993. Future plans call for a 1,000-room hotel and convention center set for 1995 and a Fantasy Dome containing an amusement park and shopping center set to open at the end of the decade.

The Kuo's Club takes up the first two floors of a multisto-

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Bradlees Enters NYC; Gets Six Alexander's

By Mary Ellen Kelly

NEW YORK — Bradlees has agreed to buy six former Alexander's store sites in the New York metropolitan area from the bankrupt discounter.

The acquisition would establish Bradlees as the leading full-line discounter in the city's five boroughs, and reinforce its status as one of the top three discount chains in the Greater New York market area, along with Caldor and Kmart. The new stores would bring Bradlees' total New York state store count to 16 and its chain total to 133. It has a dozen stores in the northern New Jersey portion of the Greater New York market.

Four of the stores slated to go to Bradlees are located in New York: two in the Bronx on Bruckner Boulevard and on Fordham Road, and two in Queens in Flushing at the intersection of Roosevelt Avenue and Main Street and in Rego Park. The other two stores are in Valley Stream, on Long Island, and in the suburban city of Yonkers in Westchester County.

Alexander's two stores in Manhattan, its flagship midtown unit on Lexington Avenue and its downtown store in the World Trade Center aren't part of the deal.

The possible entry of Bradlees is part of a tremendous upheaval in the downtown New York retail market, which has witnessed an influx of category killers—Toys "R" Us, Bed, Bath & Beyond, Lechters, Staples, Lionel Kiddie City and other specialty discount retailers—at the expense of tired retail formats like Alexander's and overpriced New York department stores.

BJ's Wholesale Club and Sam's Club are rumored to be in the bidding for Alexander's Paramus, N.J. location. Alexander's spokesmen will only say that, having come to an agreement with Bradlees, it will now devote its attention to the remaining locations, adding that there

(Continued on page 95)

CE Phenom Makes Stellar Debut

The Incredible Universe: Worlds Apart From the Rest

By Pete Hisey

WILSONVILLE, Ore. — They lined up for miles, literally, to see The Incredible Universe, Tandy's new 160,000-sq.-ft. consumer electronics megastore. Traffic on nearby I-5 came to a standstill and backed up nearly two miles until highway patrolmen cleared the jam.

And, once consumers actually arrived at the store, which debuted Sept. 17, they waited up to four hours for a chance to shop at the flashy newcomer. And once they actually got inside, they were often faced with 90-minute waits at the checkouts, particularly in the hopping computer software specialty store-within-a-store.

The Incredible Universe resembles a combination of Best Buy's warehouse-style stores (cement floors, non-commissioned sales help) and Brands-Mart USA's high-tech superstores (overwhelming size, high-tech architectural appointments), crossed with a New York after-hours club (booming sound system, massive video walls, laser light shows). Add a food court (not yet open), a few thousand shoppers, a children's play

(Continued on page 95)

Kmart Maps Out Aggressive Store Expansion Plan

TROY, Mich. — Kmart's fall store opening schedule is possibly its most ambitious in years, highlighted by the debut of its second Super Kmart Center in Montrose, Ohio, and its newest store prototype in Auburn Hills, Mich., dubbed Oak Park III.

This fall, Kmart has scheduled 73 store openings. The largest concentration of stores is slated for November when 42 stores open. November is ...ditionally Kmart's largest ...e opening month. The ...ings are usually sched... to take advantage of the ...k in fourth quarter sales. ...ll 1992 is also notable for a ...other reasons: Kmart offi... enters the Hawaiian re-

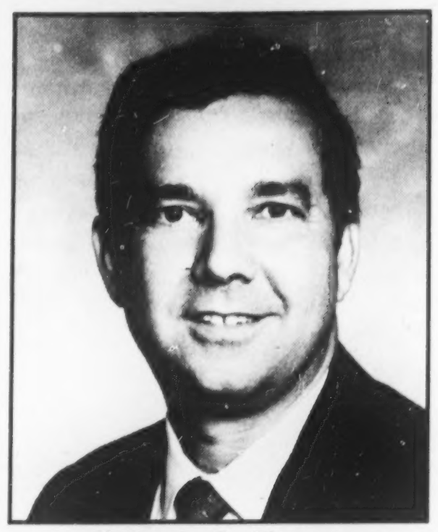
(Continued on page 95)

***Customers flock to see** the flashy audio/video selling area in The Incredible Universe located in Wilsonville, Ore.* (DSN photo)

Phar-Mor Names New Head, Eyes 63 Closings

YOUNGSTOWN, Ohio — Phar-Mor has taken two steps—subject to bankruptcy court approval—that are important elements in its efforts to reorganize following its mid-August bankruptcy filing.

The company has named Antonio C. Alvarez, a turnaround specialist, as president and chief operating officer. The proposed three-year contract will pay him $900,000 a year, undisclosed bonuses based on performance and a "success fee" and equity should Phar-Mor emerge from bankruptcy.



Antonio C. Alvarez

Phar-Mor also plans to close up to 63 of its 309 stores, 36 that are unprofitable and possibly 27 more, subject to renegotiation of leases. The remaining stores are profitable, Phar-Mor said, or can be turned around by such moves as reducing footage or shutting nearby units.

The company is considering opening only a few of the 20 stores it originally planned to open this fall. After it filed the Chapter 11 petition, it opened 10 stores, but nothing since the first week of September.

The United States Bankruptcy Court in Youngstown was due to hold a hearing Oct. 1 on Phar-Mor's store closing plans—including determining the fate of the 27 units—and will possibly consider the company's debtor-in-possession petition. The latter hearing depends on the status of negotiations for funding the DIP instrument, with Phar-Mor seeking $150 million to $200 million in financing to be able to fully stock stores for the all-impor tant holiday selling season.

Phar-Mor filed for bankruptcy after taking a $350 million write-off that it alleges was due to a "fraud and embezzlement scheme" on the part of former president and coo Michael Monus and former chief financial officer Patrick Finn. Both were fired at the end of July. Senior vice president Joel Arnold was fired in mid-August for allegedly being aware that false information was being given to Phar-Mor's board, but failing to inform them about it. In the alleged scheme, Monus is reported to have diverted about $10 million to a basketball league he had started and to have manipulated the books to make the company seem profitable.

Monus at press time was reported to be planning to file for personal bankruptcy. The Warren, Ohio, *Tribune Chronicle* reported that Finn was cooperating with federal officials and Phar-Mor, describing how he and Monus changed financial records on company computers. So far, neither has been charged with any crime.

Alvarez, 44, co-founded Alvarez & Marsal Inc., a New York-based turn around consultancy in 1983. He was a consultant to Phar-Mor prior to being named president and ceo. At one time, he was a partner in Coopers & Lybrand, the big accounting firm that worked for Phar-Mor until June. Phar-Mor and Coopers & Lybrand have sued each other, each contending the other party should have discovered the financial irregularities.

Phar-Mor officials and other sources contend the company is basically a profitable operation. It had $50 million in cash as collateral for its banks at the time of the bankruptcy filing, and sales since then have increased the figure to $145 million.

This is enough to fund normal operations on a cash basis, the company said. But it has had to adjust payment terms to obtain merchandise from vendors, including paying cash for delivery of some

(Continued on page 96)

20-Unit Sports Unlimited Goes Public

TAMPA, Fla. — Sports & Recreation has gone public, selling a 34% stake to raise $75 million to pay off debt and fund expansion.

The sporting goods superstore chain operates 20 units averaging 41,000 sq. ft. under the name Sports Unlimited and is developing eight more. It has also selected 11 sites ranging as far north from its Sunbelt base as Syracuse, N.Y. and as far into the Midwest as Omaha, Neb., and Wichita, Kan.

In its expansion, S&R has targeted 150 smaller metro markets it expects will be too small to attract competition from other sporting goods megastore chains.

S&R used $41.2 million of the net proceeds to pay off long-term debt, including $4.5 million in 10-year notes that bore an interest rate of 18.5%. It will use the balance to fund expansion of 15 to 20 more stores over the next two years.

Following the sale of 4.18 million shares at $18 per share, S&R improved its balance sheet to show just $3.9 million in long-term debt, compared to total stockholder equity of $95.9 million.

For the year ended Feb. 2, 1992, S&R logged sales of $138.9 million and earned an operating profit of $8.9 million. Same store sales rose 8% for the year.

Nike, which accounts for 10% of sales, is the chain's largest vendor. Sports Unlimited stores stock 125,000 skus.

Investcorp, the Arab-world holding company that also owns Saks Fifth Avenue, purchased Sports & Recreation in 1989 from its founder, Jim Bradke. Bradke continues to serve as chairman and chief executive of the chain he founded in 1979 for Brunswick.

Bradke had purchased the chain from Brunswick in 1982 when it operated three stores.

Investcorp retains a controlling 56% interest.

GE Capital, Retailers Unveil Special 'Rewards' MasterCard

STAMFORD, Conn. — G.E. Capital last month launched a "G.E. Rewards MasterCard" in partnership with a number of national retailers, including some of the largest discount chains in the country. The card has all the features of a regular MasterCard along with consumer benefits given at various levels of consumer spending.

The retailers and service companies that have signed on include Kmart, Toys "R" Us, Macy's, Kids "R" Us, Kinney Shoe, Foot Locker, Builders Square, Waldenbooks, Hyatt Hotels & Resorts, Northwest Airlines, Bullock's, Lady Foot Locker, Kids' Foot Locker, Going to the Game, Hertz, HBO, Cinemax Sprint, Athletic X-Press, Circuit City, Champs Sports, GE Appliances and authorized dealers, OfficeMax and The Sports Authority.

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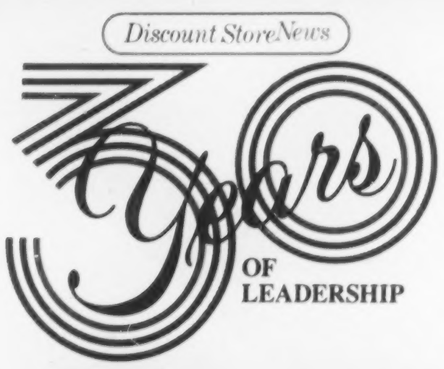

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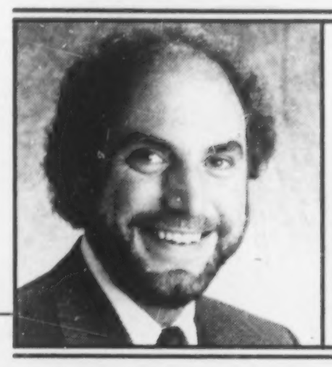
EDITORIAL

Value City a Sign of Retail Vitality

What ever happened to Gee Bee stores? Remember the Johnston, Pa.-based discount chain that was part of Glosser Brothers?

I know every reader has pondered this question recently!

The stores are being reopened as Value City Department Stores. And their story represents several key factors in today's retail marketplace.



TONY LISANTI
Editor

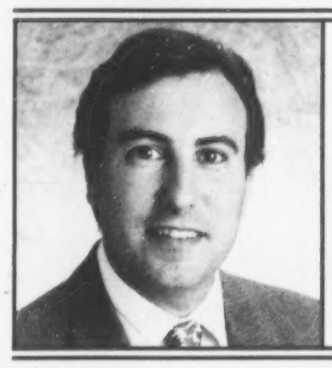
- *The consolidation myth.* Retail company consolidation has occurred, but the number of stores hasn't dropped much. Value City acquired 15 Gee Bee stores and is converting 13 to the Value City format. Two will be full-line Gee Bee stores.
- *The emergence of super-regionals.* Value City, the Columbus, Ohio-based department store chain which went public in February, exemplifies the growth of a variety of super-regional chains. Value City should remind us of the vitality of retailing in the '90s—a new breed of retailers—not discounting's demise. It should remind us of a new viable concept, not the death of an old chain that lost touch and couldn't compete.
- *The strength of off-price.* Value City reflects the consumer's mindset to shop for bargains, to sort through rack upon rack of merchandise, looking for that one great buy. Value City, in a sense, is an off-price, value-driven mall, a collection of specialty stores, under one roof. It's more than just apparel, which accounts for about 60% of its merchandise mix. Hard lines categories account for about 25% of the mix and licensed departments about 15%. Value City, like hard lines closeouter Tuesday Morning, is a destination store, a shopping phenomenon that attracts consumers from all income levels.
- *The popularity of name brands.* American shoppers still want name brands, but they're less likely to pay department store prices. Department stores' popularity hasn't suffered because consumers' love affair with designer brands has waned, but because their tolerance for high prices has waned.
- *The success of Value City.* Since going public, Value City, under the direction of president and gmm George Iancona, a former Marshalls exec, has been on a growth surge. By February 1993, it will boast 79 stores. Sales have doubled since 1987 to almost $600 million, and the company is on track to become a member of the coveted billion dollar chain club. The chain is projected to add almost $100 million in sales in fiscal 1992.

Value City is a hot concept, and a sign of the times, as well.

BUYERS & SELLERS

Supermarkets Wake Up and Smell the Coffee

Some people still don't get it. The supermarket industry has finally realized that many of its customers would rather shop warehouse clubs. For years, supermarket executives shrugged off these clubs as a competitive threat with lame excuses: clubs are mainly eating into institutional business, women shoppers don't like clubs' sparse surroundings, clubs are located in poor, less accessible sites, and shoppers will soon tire of lugging home jumbo packs of paper goods and stockpiling giant jars of mayonnaise in their basements. They were especially complacent in believing that their more upscale customers (the target of supermarkets' efforts to sell fancy cheese, seafood and gourmet products) would shun clubs.



DON LONGO
Exec Editor

They were wrong. Even wealthier shoppers look to save money when they can.

At one time, the cliché went: The three most important factors in a retailer's success are location, location and location. Today, recession or no recession, the three keys are price, price and price. That's why warehouse clubs and discount stores have been gaining market share.

So, what has been the supermarket's response? Have they pared skus to increase turns? Reduced price promotions and tried to lower everyday prices? Invested in improved distribution systems? Hardly, though some have installed club pack sections in a feeble attempt to emulate clubs.

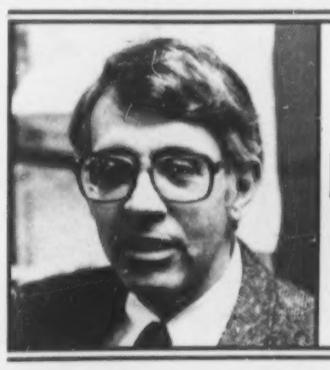
At least now, they're finally aware of clubs, as if they only sprung up within the last two years, when in fact, clubs have enjoyed phenomenal growth for more than a decade.

By the time supermarkets have figured out why clubs work, they will be facing another challenge: supercenters. Wal-Mart, Kmart, and eventually Target will be bringing discount efficiencies to the food business—and a whole new set of worries for supermarket companies.

TAKING STOCK

Understanding Yesterday to Reach Tomorrow

My wife, Ruth, and daughter, Beth, received a pleasant surprise when, after a buying hiatus, they went shopping at Macy's and Bloomingdale's. The surprise was service, starting with greeters who welcomed shoppers, knew where departments were and escorted customers to the service desk if they needed more help. Shockingly, store clerks were just as responsive.



ARTHUR MARKOWITZ
Senior Editor

I told Ruth her experience would be the basis for a column about how Sam Walton's legacy was alive and well and inspiring department stores. Ruth said Macy's new attitude pre-dates Sam Walton.

Ruth said that when she and her mother shopped Macy's during the '50s, the store also had greeters and salesclerks that went out of their way to provide service. In fact, she reminded me, at one time all the Fifth Avenue stores had greeters and attentive salesclerks. That was when the stores were run by merchants, rather than bean counters.

In again providing impressive service to customers, Macy's and Bloomingdale's have returned to their retailing heritage. Sam Walton also relied on his retailing heritage when he launched and nurtured Wal-Mart. As Walton was wont to acknowledge, his focus on servicing customers reflected his initial retailing experience at JCPenney, while Wal-Mart's distribution network using distribution centers mirrors the method he used to supply his first chain, the franchised Ben Franklin variety stores.

It's important to be on top of all the latest retailing technology, presentation methods, business trends and merchandising ideas. But it's just as important to take time to reflect on and remember past concerns, operational methods and ideas, what worked and advanced business, what didn't, and why. Heritage, the sum of a retailer's past experiences, influences the present and the future. If you don't know where you have been, it's difficult to get an exact fix on where you are today. And you may never reach tomorrow.

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